

Santa Cruz County Farm Bureau Ask Laura Column July 2016 (printed August 2016)
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Q: What is the outlook for water and labor in agriculture?

A: In the most recent issue of the Giannini Foundation's Agricultural and Resource Economics Update there are two really interesting articles that discuss water and labor. The first article is titled "Water Pricing for a Dry Future: Pricing Policies from Abroad and Their Relevance to California" (authors: Dinar and Zilberman). It discusses how four countries, Australia, Chile, Israel and Spain, which have a history of water scarcity, have developed their water policies over time. Each country has responded to its own unique situation with such strategies as water-use quotas, water-rights trading, water conservation technologies and water pricing. Considerations for agriculture, urban and environmental uses, as well as efficiencies, equity, technologies and economics are included. The article suggests that California, in its current quest to develop sound water management strategies, could benefit from "lessons learned" from abroad.

The second article is "California Agriculture: Water, Labor and Immigration" (author: Martin). It shows that the recent drought, which resulted in roughly half a million acres being fallowed, about 10,000 fewer agricultural jobs, and more costly water and labor, did not negatively impact the value of the state's total agricultural production. Instead, the value of production increased by 23 percent, growing from \$43.4 billion in 2011 to \$53.5 billion in 2014. Factors to consider for the longer term water outlook for California agriculture, and its potential impact, include climate change, demand for water given various crops grown (for example tree crops vs row crops), and water markets. With respect to labor, the article indicates that statewide agricultural employment has been increasing to meet the needs of labor-intensive crops such as berries (and vegetables). One trend noted has been for employers to hire more workers using labor contractors rather than hiring directly at the farm. Labor challenges, including worker shortages and changes to the minimum wage, along with a brief history of immigration, are further discussed.

The Giannini Foundation of Agricultural Economics publishes the Agricultural and Resource Economics Update once every two months. It includes articles from a wide range of topics with an economics perspective. The two articles from the most recent issue of Update, along with many others from previous issues, can be found at:

<http://giannini.ucop.edu/publications/are-update/issues/2016/>